

Message Text

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ACTION PM-05

INFO OCT-01 ARA-10 ISO-00 SSO-00 NSCE-00 INRE-00
DODE-00 SS-15 SP-02 L-03 CIAE-00 INR-07 NSAE-00
ACDA-12 AID-05 IGA-02 OMB-01 EB-08 TRSE-00 /071 W
-----003411 081740Z /46
O 081650Z NOV 77
FM AMEMBASSY QUITO
TO SECSTATE WASHDC IMMEDIATE 6295

C O N F I D E N T I A L QUITO 7645

E.O. 11652: GDS
TAGS: MASS, EC
SUBJECT: AIR FORCE COMMANDER ASKS FOR FMS CREDIT FOR VULCAN
CHAPARRAL SURVEY TEAM

REFS: STATE 253767

1. I HAVE RECEIVED A LETTER DATED NOVEMBER 4 FROM GENERAL LUIS LEORO, COMMANDER GENERAL OF THE ECUADOREAN AIR FORCE (FAE) AND MEMBER OF THE SUPREME COUNCIL OF GOVERNMENT, REFERRING TO THE TERMS OF THE VULCAN/CHAPARRAL SURVEY MISSION. CONFIRMING OTHER REPORTS THAT WE HAVE RECEIVED, LEORO'S LETTER SCARCELY CONCEALS HIS IRRITATION CONCERNING THE CONDITION CALLING FOR THE GOE TO FINANCE THE TEAM. (LEORO HAD REPORTEDLY COMPARED THE US TERMS WITH THOSE OF OTHER POTENTIAL SUPPLIERS WHO, ACCORDING TO HIM, WOULD PAY FOR THEIR OWN INVESTIGATIONS). LEORO WRITES "... I MUST MAKE IT KNOWN TO YOU, MR AMBASSADOR, THE BEWILDERMENT OF THIS COMMAND BECAUSE THE REFERENCED OFFER IS TO BE AT THE EXPENSE OF THE FAE, SINCE THERE HAD BEEN ASSURANCES THAT YOUR GOVERNMENT HAD ADOPTED A FORTHCOMING POSTURE TOWARD THE ECUADOREAN ARMED FORCES."

2. LEORO CONTINUES: "NEVERTHELESS, I CAN INDICATE TO YOU THAT THE OFFER WOULD BE ACCEPTED IF IT CAN BE CONSIDERED WITHIN THE FMS CREDIT AGREEMENT; I AWAIT THEREFORE THE REACTION
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THAT YOUR GOVERNMENT MIGHT HAVE ON THIS MATTER." LEORO APPARENTLY HAS HEREBY FORMALLY INTRODUCED FMS CREDIT AS A CONDITION FOR ACCEPTING GOE FINANCING OF THE V/C TEAM.

3. IT IS POSSIBLE THAT LEORO MIGHT HAVE MISINTERPRETED THE PHRASE "OPENING UP AN FMS CASE" FOR THE TEAM AS MEANING A CREDIT CASE AND THIS COULD BE AN HONEST MISAPPREHENSION ON

HIS PART. IF SO, THEN I AM AT FAULT FOR BEING THE INSTRUMENT OF THE CONFUSION, NOT SPOTTING THE PROBLEM QUICK ENOUGH, AND NOT DISABUSING THE GOE OF THE NOTION THAT THE TEAM COULD BE FINANCED THROUGH FMS CREDIT. SHOULD THIS BE THE CASE, AN EFFORT TO CLARIFY THE MATTER NOW WOULD DAMAGE MY CREDITILITY WITH THE SUPREME COUNCIL WITHOUT ANY ASSURANCE THAT THE PROBLEM COULD BE RESOLVED.

4. AT THE SAME TIME, LEORO'S CONDITION MAY BE PART AND PARCEL OF THE POLITICKING THAT HAS GONE ON FOR SOME TIME WITHIN FAE ON THE MATTER OF AN ANTI-AIRCRAFT SYSTEM AND AIR TRAFFIC CONTROL SYSTEM. STILL BITTER AT THE US OVER THE KFIR VETO, AND ILL-DISPOSED TOWARD THE PURCHASE OF MAJOR US WEAPONS SYSTEM, LEORO HAS SEEN THE SUPPORT FOR HIS NEGATIVE POSITION WITHIN FAE ERODE SIGNIFICANTLY IN THE PAST FEW MONTHS IN THE LIGHT OF THE GENERAL UPTURN IN OUR BILATERAL RELATIONS AND THE PUBLIC RELATIONS JOB THAT THE MISSION HAS CARRIED OUT WITH TOP FAE OFFICERS. AS A RESULT, LEORO NOW FINDS HIMSELF IN A MINORITY IN HIS ATTITUDE TOWARD THE US AND HIS PRESTIGE HAS PERFORCE SUFFERED. BY SEIZING ON THIS CONDITION OF FMS CREDIT HE COULD BE HOPING THAT A NEGATIVE US RESPONSE FOR WHAT HE COULD POINT OUT IS A "MEASLY \$43,000" WOULD AGAIN PLACE THE US IN THE ROLE OF HEAVY AND ALLOW HIM TO RECUPERATE HIS LEADER ROLE.

5. WHATEVER LEORO'S MOTIVE, I FEEL THAT NOT TO EXTEND CREDIT
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IN THIS CASE COULD SIGNAL THE END TO NEGOTIATIONS ON THE V/C SURVEY TEAM AND PUT US BACK TO WHERE WE WERE NINE MONTHS AGO WHEN THE AIR FORCE'S RESENTMENT AGAINST THE US PRESENTED AN OBSTACLE TO ADMIRAL POVEDA IN PROMOTING DECISIONS FAVORABLE TO THE US WITHIN THE SUPREME COUNCIL. POVEDA'S SUCCESSFUL ADVOCACY OF THE V/C SALE AT HIS MEETING WITH PRESIDENT CARTER SUCCESSFULLY NEUTRALIZED LEORO. IF THE V/C TEAM WERE NOW TO FALL THROUGH, APPARENTLY BECAUSE OF USG INSISTANCE ON CASH, POVEDA WOULD BE THE LOSER AND ARMY COMMANDER GENERAL DURAN, WHOSE COMMITMENT TO THE "RETURN" PROCESS AND HUMAN RIGHTS IS DOUBTFUL, WOULD BE THE ONLY BENEFICIARY. THIS OUTCOME WOULD DEFINITELY NOT BE IN OUR INTERESTS.

6. WITH ALL OF THIS IN MIND, I REQUEST THE DEPARTMENT TO MAKE AN EXCEPTION TO THE USE OF FMS CREDIT IN THIS CASE AND TO AUTHORIZE THAT APPROXIMATELY \$43,000 BE ALLOCATED FOR THE SURVEY TEAM.
BLOOMFIELD

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CREDIT, MILITARY ASSISTANCE, AIR FORCE, SURVEYS, DEFENSIVE CAPABILITIES
Control Number: n/a
Copy: SINGLE
Sent Date: 08-Nov-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977QUITO07645
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770412-0570
Format: TEL
From: QUITO
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19771183/aaaactkw.tel
Line Count: 112
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: fd37461f-c288-dd11-92da-001cc4696bcc
Office: ACTION PM
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 STATE 253767
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 19-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 674256
Secure: OPEN
Status: NATIVE
Subject: AIR FORCE COMMANDER ASKS FOR FMS CREDIT FOR VULCAN CHAPARRAL SURVEY TEAM
TAGS: MASS, MMOL, EC, US
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/fd37461f-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009